



The Ruling on Dealing in Bitcoin and on Obligatory Almsgiving [az-Zakāh] Due on It

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Question

What is Your Eminence’s view on dealing in what is known as the digital currency “Bitcoin”? Is it permissible? And is obligatory almsgiving [az-Zakāh] due on it?

Answer

This question was put to me before. At that time, I withheld judgement on the ruling concerning dealings in digital currency because of the harmful aspects said to be involved in dealing with it, including uncertainty [al-Gharār] and lack of clarity [al-Jahālāh]. I now, however, hold it to be permissible. These harmful aspects are not necessarily inherent in dealing with this currency. If they were inherent, they would be present in every form of transaction involving it, and that is not the case. Accordingly, a ruling follows its legal cause [‘Illāh]. Any form of transaction that contains elements prohibited by Islamic law has a clear ruling: prohibition [at-Taḥrīm]. If such elements are absent, that prohibition does not apply. The same applies to dealings in other currencies.

Another point that, in my view, supports the position of permissibility is that this currency may be accepted so long as it is backed by its issuer. In that case, it resembles cheques issued for specified portions

of a balance held in a known account, with every bearer of the cheque entitled to the amount stated on it. Such cheques therefore resemble a recognized currency. However, the loss of such cheques poses no danger, because they are paid only to the person who has been authorized to claim the amount stated on them. Thus, digital currency resembles cheques in one respect and recognized money in another.

As experts have mentioned, if the issuance of this digital currency becomes widespread, states will inevitably be compelled to recognize and adopt it. I do not know whether every issuer of something of this kind has his name on the units of the currency he issues. It is self-evident, however, that the issuer must be known, because confidence in the currency depends on confidence in its issuer, just as with other currencies.

Accordingly, the same rulings that apply to currencies in circulation, such as paper money, apply to it. Thus, usury [*ar-Ribā*] is prohibited in it; the hand of a thief is amputated for stealing it; its owner becomes wealthy by possessing it; it passes to his heirs after his death; and obligatory almsgiving [*az-Zakāh*] is due on it. This applies even though it differs from conventional currencies in its nature and in the way it is used in transactions.

And Allāh knows best.

Source: Sh-albarrak.com | *Ḥukmu-t-Ta‘āmul bi-l-Bitkūyn wa Ḥukmu-z-Zakāh fihā*.